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Speeches

U.S. Department of Agriculture • Office of Governmental and Public Affairs

245
Remarks prepared for delivery by Secretary of Agriculture Bob Bergland at the Food and Fiber Preview luncheon of the State Fair of Texas, Dallas, Texas, October 2, 1980 [1-5].

245 COMING OF AGE

Less than 3 million farms feed this nation of 220 million people. Not many city dwellers know this.

Nor do many of them know that despite so few farms, agriculture is the nation's biggest business, that it provides millions of jobs and the biggest trade surplus of any segment of the economy, and that in the last 10 years its per person hour productivity gains have run three times the rate of increase in non-farm industries.

Let me point out a few more facts that don't seem to be widely recognized outside or inside agriculture.

Did you know that in the last three and a half years gross and net farm incomes have totaled more than for any prior comparable period?

Did you know that similar records have also been set in farm production, farm product consumption, farm assets and net worth?

Did you know that U.S. farm exports have set all-time records in each of the last three years and will do so again this year?

Well, it's all true.

But so is this true. There's some confusion down on the farm and the question is why?

If production, consumption, income, net worth and assets have broken all previous records for a comparable period, why are some farmers concerned?

If we're selling more farm products abroad than we have ever sold before--an estimated \$40 billion worth this fiscal year--why so much complaining about the partial suspension of grain sales to Russia?

Well, maybe it's because this is one of those years divisible by four in which we tend to focus on faults and failings instead of successes. But that's not the only reason. Indeed, I don't think it's the biggest reason. So I'd like to spend a little time with you trying to bring some perspective to these doubts and worries and paradoxes. As I go

about the country, I find that farmers are most concerned about two subjects: the partial embargo of grain sales to the Soviet Union, and the soaring costs of farm production.

I can understand this. I can sympathize with their anxieties and concerns. Export sales mean much more to American farmers today than they did just a few years ago. And production costs can make the difference between red ink and black ink in the net income column in the ledger.

Let me say a few words about the partial embargo to try to put this issue into perspective, to make a distinction between perception and reality.

It's been said over and over again that the embargo was a mistake, that it only hurt our farmers and didn't hurt the Soviets at all. It's been said so often that it's now taken by some as accepted fact.

Well, it's not.

With every passing day more and more evidence piles up that the embargo has hurt the Soviets and hurt them badly. That evidence is being provided by our own intelligence apparatus, by Western journalists reporting from the Soviet Union, and by official Soviet reports and statistics. The Soviets are hurting. They can't build up their herds as fast as they hoped. They can't produce the meat they promised their people. And they've got some mighty unhappy folks over there, unhappy enough to stage worker protests, strikes, slow downs--and almost all of them based on food shortages. What's more, their grain harvest this year won't be big enough to pull them out of the hole they dug for themselves when they marched into Afghanistan.

The suspension of exports was calculated to rebuke the Soviets for invading Afghanistan. It was the strongest action we could take short of military intervention. It was designed to preserve our basic Grain Supply Agreement and future opportunities for trade with the Soviet Union, but to protest the invasion of Afghanistan in the strongest possible terms.

Now it's true that the American farmer was called upon to make a sacrifice in order to rebuke this act of aggression to the Soviet. But we also called upon all American taxpayers to help farmers share the burden of the suspension.

Steps were taken to prevent farmers from bearing an unfair share of its cost. Loan prices for wheat and feed grains were increased, and other terms of the farmer-owned reserve were modified to give farmers additional incentives to hold wheat and feed grains. We worked with Congress to obtain authority to permit otherwise ineligible corn to be placed in the reserve. Between January 7, 1980 and August 7, 1980, about 1.4 million tons of wheat and 7.2 million tons of corn were placed in the reserve. During the same period, USDA purchased 4.2 million tons of wheat and 4.1 million tons of corn.

About 5.6 million tons of wheat and 11.3 million tons of corn were isolated from the market--amounts greater than those suspended from export.

At the same time, we increased efforts to expand exports to other customers. We now believe that we will export more grain in 1980 than we expected to export before the suspension.

Embargoes are always costly. Only in the gravest circumstances should an embargo be used as a policy tool. But if we want to continue to be thought of as champions of peace, we cannot do business as usual with those who practice military aggression.

Now let me turn to the troublesome matter of production costs. I think there are three things we have to do to deal with this problem.

One, we have to make sure that our price and income protection programs keep pace with cost increases. The new authority Congress gave last fall will help us to do this. Within the last year, we've made several changes in our programs to bring them more in line with production cost realities.

Two, we must leave no options unexplored in our search for ways to reduce our dependence on Middle East oil. The President's energy program encourages increased private research and development of alternative energy sources in facilities ranging from a big corporation to an individual farm where gasohol could be produced.

Three, we need to come to grips with the underlying forces in our society that feed the psychology of inflation. This will take time, and soul-searching, and a willingness to re-evaluate our priorities.

Indeed, in the years to come we may have to re-evaluate our priorities in a number of areas.

I was born and raised on a farm in northern Minnesota. I grew up in the 1930's during the Great Depression. Mother and dad had 9 cows, 40 sheep, a 100 chickens, 6 horses, geese, turkeys. They canned what they grew in their garden. They burned fuel that grew on the farm. Their kind of farming was what it was all across the United States in those days--highly diversified subsistence farming. Mother and dad had no money. They didn't depend on the Organization of Petroleum Exporting Countries for oil or the Canadians for fertilizer. They didn't depend on exports. They depended on themselves. And they took pride in their spirit and their resourcefulness.

Farm programs grew up during that period. The Agricultural Adjustment Act, Agricultural Conservation Program, the ever-normal granary and a whole host of basic farm laws were developed during the New Deal, and they have guided agricultural policy during most of my life.

In those years farming was largely an independent subsistence enterprise, so farm programs were designed to accommodate the times.

But then came a great change. Following World War II, we developed hybrid seed and farm machinery. We introduced irrigation. And yields suddenly doubled and tripled. By the time we reached the late 1940's, 50's, and the 60's, the major farm problem in the United States was, "What do we do with too much to eat." The stories that were written about burdensome surpluses sometimes seemed to suggest that having too much to eat was not a blessing but a nuisance.

I don't have to tell you that if we had never developed hybrid seed corn--if corn yields today were 50 bushels an acre instead of 110--we would have had a very different kind of farm problem during the 1950's, 60's and 70's.

But, in fact, the major thrust of the department's programs during those years was, "How do we contain this exploding technology?" There was no way of stopping the march toward higher-yielding varieties and better management techniques. Instead, the government wisely allowed that it would make no sense to squander our resources by growing crops for which there was no market.

I'm 52 years old and each day the world's population is expanding by 200,000. The world's population has doubled in my lifetime. And during these past 4 or 5 years, really since 1972 and 1973, we have

been on the verge of change the likes of which we have never seen and change which many of us simply as yet have not been able to understand.

In 1973, oil producers of the world first embargoed their product and then doubled and redoubled prices. There was a sharp and sudden impact on an agricultural industry in the United States that always had assumed that oil would remain cheap and in plentiful supply.

That same year, the Soviet Union came into the markets of the United States and bought up the world's only reserve of wheat. After they bought it up the price tripled, and they made a tremendous windfall profit.

I was in Congress then and along with many others I was trying to understand the appropriate role of government. What should we do about the Soviets? What, if anything, should we do about OPEC? And so we went through a period of turmoil.

You know all the signs. I need not go back and talk about the grain embargoes that were imposed for what I consider superficial reasons. But actions like that were symptomatic of floundering in a time in which the government did not have a clear idea as to what was happening or what government could or should do about it. We heard political demands to "get government out of agriculture and off our back." We heard demands to get government out of the business of trying to deal with foreign governments and leaving it to chance. The results of that, of course, would be catastrophic.

I was in Congress when it was looking at what was happening with grain exports. There was short weighting, adulteration, thievery, taking good Texas wheat and Iowa corn to ports in the Great Lakes or in the Gulf of Mexico and stealing the wheat and corn and adding sawdust and sand. Ships were being short-weighted because some poor country would not have scales to weigh the grain when it was unloaded, and besides who would know the difference?

That's not good enough, not for the United States. Many of us understood that. We understood that there simply had to be more thought given to policy goals and impact.

Now, I'm proud to say, we at the Agriculture Department are examining carefully an appropriate federal role for the 1980's and beyond. What bothers many of us, especially those of us who grew up

during the New Deal, is the growing realization that the old programs aren't the answer.

Times have changed. Farming has changed. Problems are different. And this caused a good deal of anxiety among farmers and farm families, rural citizens and leaders, farm organizations and others. In a very real sense, American agriculture is coming of age, struggling through the transition to maturity, facing up to resource restraints, girding up for the challenges ahead.

This administration is doing the same as it seeks to define a role for government that is tailored to the times.

Is this important? Yes.

Will it be simple? No.

We know, for example, that world food demands will double in the next 40 years. We know that the pressures upon the agricultural base of the United States will be like nothing we have ever seen before.

Consider this:

We now have 35 million acres of land devoted to the production of grain crops on which the erosion rates exceed 10 tons an acre a year. We've tended to think that ACP would be able to remedy the problem, and surely ACP has done a good job. About that there is little debate. That's why this administration is the first administration in memory to recommend money for ACP cost-sharing, because we understand it has a role to play.

But it was one thing to urge farmers to apply conservation practices when we had land in abundance, when we had as much as 63 million acres of crop land under control or diverted from production to one federal program or another. The world simply did not need our bounty at the time.

It was not hard to persuade people to take land out of production and put it to conserving use, because most farmers understood that it made no sense to grow a crop they couldn't sell.

Now we have an entirely different situation. Exports this year will break all previous records, bar none; 162 million tons of farm products going overseas--that's 25 million tons higher than any previous year and this, mind you, despite the partial suspension of grain sales to the Soviets.

What's more, as we look down the road we see continuing foreign demand for U.S. farm output, and so we have to look at soil erosion and soil conservation in the context of the kind of world we have now and will have in the future.

What do we do to help a family who has a farm plan--its own management plan--that they know and we know and everybody knows is an environmental disaster?

A few years ago with the unwise application of price controls on meat and livestock, the cattle industry went through a traumatic experience. A disaster, we could call it. Thousands of farmers were driven from the cattle business.

Soybeans were \$10 a bushel at that time, and so the temptation was to plow up the grass and plant soybeans. I have been on those farms and I've seen what's happening. Thirty-five million acres of that cropland is going down the drain and in time that land will be a barren wasteland.

How do we cope with this situation? How do we deal with the private rights of landowners compared with the long-term public interest that everybody knows must be protected? We are, after all, as the Scriptures, say, "strangers and guests."

Complicated and important? Yes. Simple. No.

How do we cope with an expanding demand overseas for that which is grown on the farms of United States and with an ever diminishing prime farmland base? What rights does a farmland owner have in that kind of a setting?

Should we simply say that this is an unfortunate condition beyond control as a nation and keep paving over millions of acres of the world's best land each year at a time when demand on a global scale is rising?

Is that an important question? Yes.

Is the answer simple? No.

I need not tell you about the devastating consequences of oil price increases. Oil prices have increased more in the 18 months of this past year and a half than in the previous 80 years that we have used oil.

We need to get on with the business of developing our own energy policies, programs and resources.

We are now deeply into the business of finding ways to produce our own energy from our own renewable resources. Gasohol, converting city garbage and sewage, animal waste, wood fiber to fuel--these are the kinds of things that will become a very important part of the agricultural industry in the United States and will make an enormous contribution to achieving energy independence. They will not be subject to the kind of economic pressures which OPEC can put on us.

At the same time, we are now looking at the next phase of U.S. agricultural involvement in this increasingly demanding world.

What can the United States do? What can the Department of Agriculture do to help put together those resources to match them up with the demands that the world is generating?

It's true that because of positive programs launched by this administration, we have broken all previous records in exports. But this is not good enough. We have piled up these record exports primarily because of current programs. The value of the farmer-owned grain reserve, an enormously important tool, is just now being discovered. I have talked with the grain merchants across the United States who told me about contracts they have landed with foreign buyers because we have the capacity to deliver. "You don't sell from an empty shelf," is the slogan they use.

I have traveled the world over, and I find that most of our customers overseas have one main question. It is: Can they count on us? Will the United States be a dependable supplier?

With the farmer-owned grain reserve program in place they are much more confident that they can count on our capacity to produce and deliver what they need.

And, with the new tough administration of the Federal Grain Inspection Act, they know that if they buy 15,000 tons of Number 2 wheat that is exactly what they will get. No more short weighting, no more sand and seashells. Quality control, of course, is another crucially important factor in persuading customers to buy from us rather than from some other exporting country.

In addition, we have doubled export credits. We have developed what is probably the finest market development strategy ever invented by government, teaching people how to build and run a better dairy or a better flour mill. The results speak for themselves in record tonnage

of sales abroad.

But now we have to look beyond, because current records, good as they are, are simply not good enough.

We're now asking questions like: What can we do to add value? What can we do to generate a demand for pure-bred livestock, for improved seeds? What can we do to generate demand for processed cereal products instead of selling wheat or soybeans? What about the products of those crops?

We are constantly searching, always looking for new ways of dealing with this smaller, more independent, world.

We buy oil from the OPEC countries, and we buy fertilizer from Canada. We ship food products the world over. This means that we never have to be satisfied with the past. It means we always must be prepared to make changes in farm programs to accommodate the realities of today and tomorrow. We don't have to depend on massive cropland set-aside schemes. We can depend on the farmer-owned grain reserve as the mechanism to be used to adjust supplies with demand.

We all know that weather has more to do with the size of the grain crop in the United States than all of the government programs combined, and we tend to think of the best years that we can remember as the normal years.

We think of last year when we had all-time record yields in the five major crops--109 bushels of corn an acre--and we tend to think of that as the norm. But it was not. The last time records were broken for all five major crops was 22 years ago.

When we achieved these big yields last year many people thought that markets would be crushed, but the farmer-owned grain reserve absorbed the main force of those huge crops.

So we will continue to use the farmer-owned grain reserve program as the mechanism to iron out the kinks.

We do not intend to put a limit on how much grain can go into the reserve. The size of the reserve will be determined by yield and price. If price falls, farmers will have an interest in reserving grain for next year. If we have a poor crop at home or abroad and the price goes up, producers ought to be, and will be, permitted to cash in their reserve contracts. And there may be years in which the reserves are exhausted.

But we can't tell within 3 billion bushels from one year to the next what grain production will be. We can't tell within 3 million bales of cotton what the crop is going to be. If we ever have an exact balance between supply and demand it will be the result of just plain good luck, not the result of some ingenious planning on our part.

But while the farmer-owned grain reserve will remain the centerpiece of this administration's farm policy, we are now looking to a whole range of program and policy possibilities for consideration in drafting the 1981 farm bill.

Does the target price concept still make sense, or should we abandon that as a provision or incentive to participate in the set-aside should the need arise?

I am aware of the arguments made by those who say that if you get compliance with the target price concept and raise prices, the one who gains the most is the one who gave up nothing--the person who stayed out of the program. Such critics argue that we should go, instead, to some kind of paid diversion scheme should the need arise.

And if we get to that, should the paid diversion focus only on fragile lands? Should we concentrate on that land that is less productive and say to the grower who has prime land, where there is no erosion problem, that he or she should go ahead and plant and be entitled to program benefits? Should we examine in more detail long-term conservation contracting on fragile lands?

These are but a few of the questions which arise as the changing face of American agriculture confronts new realities and new opportunities.

All of the questions are difficult.

None of the answers are easy.

Many of the choices will be critical.

But I am confident that there is enough vigor, enough ingenuity, enough determination in our vaunted food and agriculture system to find the answers, to make the right choices, and to move on to an ever brighter, ever more rewarding future.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

ILLINOIS RECEIVES GRANT TO TEST ELECTRONIC MEAT MARKETING

WASHINGTON, Sept. 26--A U.S. Department of Agriculture grant for \$170,000 will aid Illinois in a pilot test to market meat electronically, Assistant Secretary of Agriculture P.R. "Bobby" Smith said today.

The grant will be used to evaluate benefits of an electronic meat-trading system.

The test was recommended by USDA's Meat-Pricing Consultation and Evaluation Group, formed last year by Secretary of Agriculture Bob Bergland to improve meat pricing and price reporting.

Comparisons will be made of all aspects of trading on such a system and the one currently being used, Smith said. These include relative prices, trade acceptance, accuracy of market news reporting, effect on formula trading and need for a modified system to facilitate more effective and efficient trading.

"All segments of the industry, including producers and consumers, are expected to benefit from information obtained in the pilot test," Smith said.

The project calls for the development, testing and evaluation of electronic meat marketing, Smith said. Initially, the project will test the computer-assisted trading system developed by the American Meat Exchange.

Buyers and sellers will be equipped with computer terminals which will be interconnected through a central computer. Bids and offerings will be entered in the system by a coded product description through the remote terminal in the user's office. Bids and offers will be displayed by the central computer when inquiries are made by prospective buyers and sellers. When a potential match exists buyer and seller will make contact through the system to establish each other's identities, negotiate final price, and arrange for time of shipment, likely arrival of product, and any special circumstances.

The Illinois Agricultural Experiment Station, University of Illinois, in cooperation with the Illinois State Department of Agriculture, will

implement, test, and evaluate the project.

The grant to Illinois was awarded under USDA's federal-state marketing improvement program, which provides for state matching-fund projects to improve the efficiency and effectiveness of food marketing systems. Under the program, Illinois will match the federal grant with state funds.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

REDUCED DOSAGE STRAIN 19 CATTLE BRUCELLOSIS VACCINE NOW AVAILABLE

WASHINGTON, Sept. 29--Reduced-dosage Strain 19 brucellosis vaccine is now available to cattle raisers in states where it is needed to help reduce brucellosis in cattle herds, Secretary of Agriculture Bob Bergland announced today.

"We handled regulatory changes making reduced dosage available on an emergency basis to encourage vaccination of last spring's calf crop which is now the right age to vaccinate," Bergland said.

"USDA veterinarians believe reduced-dosage vaccination gives ample protection with far less chance of causing testing problems later," he said.

Bergland also said the uniform methods and rules for brucellosis eradication will be changed Oct. 1 to allow heifer calves of beef or dairy breeds to be vaccinated with reduced dosage between four and 12 months of age. The rules still call for vaccination with standard dosage at from two and six months of age for dairy calves and from two to ten months for beef breeds, although some states have lower age limits for beef calves.

Bergland said use of reduced-dosage Strain 19 vaccine is optional for states, and some brucellosis--free or low-incidence states will not be taking advantage of its availability right away.

"Reduced dosage will be especially welcomed in Texas and other south central and southeastern states where drives are underway to drastically reduce relatively high levels of brucellosis infection," he said.

"These states have facilities and people trained for doing viability counts and other steps needed to make reduced-dosage vaccine available to veterinarians," he said. "These special procedures for handling will be needed until manufacturers can label vaccine for reduced dosage."

Reduced dosage was made possible by research recently completed by USDA scientists at the National Animal Disease Center, Ames, Iowa, Bergland said. Their findings show reduced dosage provides about

the same protection as the standard dose but with much less chance of persistent high antibody levels that confuse blood test results.

Brucellosis, also called Bang's disease, is the object of a cooperative state-federal brucellosis eradication program. The goal is to protect the 99.5 percent of U. S. cattle already free of disease while eliminating the remaining infection.

Brucellosis still costs cattle owners about \$56 million in annual losses from reduced calf crops and lower milk yields, brought on by abortion, birth of weak calves and breeding problems, Bergland said.

With no state-federal controls, losses could reach an estimated \$1 billion annually in just a few years, he said.

The regulation changes will be published in the Oct. 12 Federal Register. Comments should be sent, by Dec. 10, to the deputy administrator, USDA, APHIS, Veterinary Services, Federal Building, room 805, Hyattsville, Md., 20782. Copies of the regulation changes are also available from that address.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

FARM COOPERATIVES TO HAVE SEPARATE USDA AGENCY

WASHINGTON, Sept. 29--Farm cooperative activities within the U.S. Department of Agriculture will be centered in the Agricultural Cooperative Service, a newly-established USDA agency, according to Secretary of Agriculture Bob Bergland.

Bergland said the new agency will begin operating as a separate unit Oct. 1. The functions of the agency had been handled by USDA's Economics, Statistics and Cooperatives Service, Bergland said. He said the Agricultural Cooperative Service was known as the Farmers Cooperative Service before being incorporated into ESCS in 1977.

Bergland said Randall Torgerson will be the acting administrator of the new agency, reporting to P.R. Smith, USDA's assistant secretary for marketing and transportation services.

Bergland said farmer cooperatives have enabled their members to be more competitive in the marketplace and that it is USDA policy to offer maximum encouragement and support to family farmers and their cooperatives.

Bergland said the Economics, Statistics and Cooperatives Service will now be called the Economics and Statistics Service.

Details of the reorganization were published in the Sept. 22 Federal Register.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

USDA SETS NEW STANDARDS FOR SCHOOL LUNCH MANAGEMENT

WASHINGTON, Sept. 29--A comprehensive management system for finding and correcting problems in local school programs will take effect Jan. 1, Assistant Secretary of Agriculture Carol Tucker Foreman said today.

Under the system, there will be new requirements for state reviews of lunch programs, actions to remedy problems found by reviews and plans for recovering federal funds misspent in the program, Foreman said.

"This new system is designed both to improve the administration of the program and make certain that all the necessary components of school meals are being served to children," Foreman said.

In recent years, audits conducted by USDA and the General Accounting Office revealed weaknesses in state and local management of the school lunch programs

Some of the deficiencies included inadequate procedures for reviewing student applications for free and reduced price meals; errors in counting, claiming and costing for meals served; and lack of compliance with federal standards regarding meal components

To correct these problems, Foreman said, the new regulations require states to monitor school lunch programs by conducting on-site reviews to determine compliance with national standards

According to the regulations, states may select one of three systems for monitoring the lunch program, Foreman said.

"The three options include an audit system, a review system or a combination of audits and reviews," she said. "Each system requires on-site evaluations of school programs. However, requirements vary with each system regarding frequency of visits and actions taken regarding deficiencies."

This flexibility is provided to states because comments from local and state officials, school administrators, school food service workers and parents pointed out differences in problems and resources from state to state, Foreman said.

"In providing three options for states, we are attempting to provide them the flexibility to do the best possible job," said Foreman.

Additional federal funds are being provided to states to offset expenses for monitoring responsibilities, she said. About \$4 million is allocated to states for this purpose.

Currently, 27 million children receive meals in 95,000 schools through the national school lunch program at a federal cost of \$3 billion a year. Schools and states file claims for federal money based on the number of free, reduced price and paid meals they serve. In turn, they must serve meals that meet federal standards.

The new regulations were published in the Sept. 26 Federal Register, available at local libraries.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

245 GYPSY MOTHS STRIPPED 5.1 MILLION ACRES OF TREES IN 1980 [✓],

WASHINGTON, Sept. 29--Gypsy moths stripped an unprecedented 5.1 million acres of forest and shade trees in 1980, [mostly in the northeastern states] according to U.S. Department of Agriculture officials. The figures, compiled through state and federal surveys in infested areas, show an eight-fold increase over 1979, according to William Helms, who is in charge of national plant protection and quarantine programs for USDA's Animal and Plant Health Inspection Service.

"This is more than two and a half times the previous record, set in 1971," Helms said.

"New York led the list with 2,449,475 acres defoliated--the most ever there," he said. "Records were also set in Maine, Rhode Island and New Jersey. Maryland, with three acres, suffered its first defoliation ever. Outside the northeast, Michigan had five acres stripped. All affected states except Michigan had increases in damage over last year.

"We've had calls from people all over the Northeast, asking what they can do about gypsy moths" Helms said. "We have to tell them that the time for effective action is in the spring when the pest is in the destructive caterpillar stage. The best thing to do now is plan for next year.

"Conventional pesticides are still the most effective means of control in heavily infested areas" he said. "A lot of state and federal research and development work is continuing on alternative controls, and progress has been made, but more work needs to be done before they can be generally relied on".

USDA's Forest Service conducts cooperative suppression programs with some of the infested Northeastern states to minimize defoliation and tree mortality in high-value forested areas, he said. State agencies must request federal cost-share funds for the suppression projects, according to Helms. Officials will be trying to predict whether defoliation will continue to spiral upward or possibly collapse, he said. Combinations of favorable or unfavorable weather, treatment programs

and parasites, diseases of the caterpillars and other natural enemies can all have an impact, making such prediction difficult.

"Isolated infestations we've discovered in Michigan, Illinois, Virginia, Washington and other areas, unless eliminated, could threaten forested areas in other parts of the country, too," Helms said.

State-by-state 1979 and 1980 defoliation totals--in acres--are:

	1980	1979
New York	2,449,475	162,275
Massachusetts	907,075	226,260
Pennsylvania	440,500	8,552
New Jersey	411,975	193,700
Connecticut	372,213	7,486
Maine	221,220	23,180
New Hampshire	183,999	5,980
Vermont	75,094	15,411
Rhode Island	43,830	655
Michigan	5	100
Maryland	3	0
Delaware	0	10
Total	5,105,389	643,609

Gypsy moths first entered the United States in Massachusetts in 1869. They have now spread throughout most of New England, New York, New Jersey, and Pennsylvania and parts of northern Maryland and Delaware, and have become the most destructive hardwood forest defoliator in the Northeast, Helms said. Gypsy moth caterpillars are voracious feeders on oaks and many other species of forest, shade and ornamental trees and shrubs. Full-grown caterpillars can eat as much as a square foot of leaf surface in a day. Heavy infestations can spoil the appeal of picnic spots and camping areas and the pests can become a nuisance around homes. Oaks and other hardwoods often die if stripped several years in a row and evergreens if stripped even once.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

NEW LAW CONSOLIDATES FARM DISASTER ASSISTANCE PROGRAMS

WASHINGTON, Sept. 30--Secretary of Agriculture Bob Bergland said today the signing by President Carter of the "Federal Crop Insurance Act of 1980" will make available an "all-risk" type of crop insurance on virtually all major crops in all major crop producing areas in the country.

He called the bill a "first step in consolidation of many conflicting federal farm disaster assistance programs" and announced "a systematic expansion program at the rate of an additional 250 counties a year for the next five years in order to permit rapid but orderly extension of insurance coverage to farmers."

Bergland said, "I have long advocated a sound actuarially-based insurance program as preferable to the many ad hoc programs now assisting our farm producers. These programs deliver too little money, to too few farmers, and usually too late to be of maximum benefit.

"After three years of hard negotiation, we've been able to produce a partnership arrangement among the federal government, the farmer and the private insurance industry in this bill."

The Federal Crop Insurance Corporation of the U.S. Department of Agriculture for more than 42 years has administered an "all-risk" insurance and now is establishing a local delivery system that will permit farmers to select either a federal or private insurance agent to service the new all-risk insurance plan, effective for the 1981 crop year.

"This partnership will eliminate some of the problems of the old crop insurance law and permit easy access and servicing for farmer policyholders at the local level where it really counts," said Bergland.

The new law also extends for one year the low-yield disaster payments program administered by the USDA's Agricultural Stabilization and Conservation Service. Farmers will be eligible to participate in both programs for the 1981 crop year, but will not be able to receive duplicate subsidies.

"In order to retain full eligibility for disaster payments, farmers will have to pay the full cost of their federal crop insurance this first year,"

said Bergland, or "they may waive disaster program benefits and receive a subsidy of 30 percent of their FCIC premiums up to a maximum of 65 percent of their average yield for an extended period of years. These options apply only to crops eligible for disaster payments, including upland cotton, sorghum, barley, corn, wheat and rice."

Only the disaster crops, including upland cotton, grain sorghum, barley, corn, wheat and rice have these limitations, he added.

FCIC officials said farmers will receive official notification by letter of their options for these programs and will be asked to make a choice shortly after planting.

Farmers will be offered an option of three levels of coverage levels and three price elections to cover production losses, said FCIC officials. Coverage levels will be 50, 65 and 75 percent of average yield as determined for a representative period of years. At least one of the price levels will approximate the market price for the commodity as projected by FCIC in advance.

"These program improvements, together with the availability of the program on a much wider scale, will provide the most complete disaster protection package to farmers available anywhere," Bergland said. "And the new insurance plan will build upon the actuarially sound insurance principles already in the present FCIC program."

Complete program details and announcement of new counties for the 1981 crop year will be published as soon as a new FCIC board of directors is appointed, as required by the legislation, the secretary said.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

MILK SUPPORT PRICE INCREASED TO \$12.80 PER HUNDREDWEIGHT

WASHINGTON, Sept. 30--Secretary of Agriculture Bob Bergland today announced the support price for manufacturing milk will be \$12.80 per hundredweight for the new marketing year beginning Oct. 1. The announced price is for milk with a milkfat content of 3.5 percent and compares with the present support of \$12.07.

The support price for milk with the U.S. annual average milkfat content of 3.67 percent will be \$13.10, compared with the present support of \$12.36.

It was announced on Sept. 19 that the support price for manufacturing milk would be set at 80 percent of the Oct. 1 parity price based on data published in USDA's "agricultural prices" report released Sept. 30.

The law requires that milk be supported at a level between 80 and 90 percent to assure an adequate supply of milk. Given current supply-demand and price estimates, the \$12.80 support level will assure adequate future milk production.

The support for milk is achieved by Commodity Credit Corporation's purchase of butter, cheese and nonfat dry milk.

The prices at which CCC will offer dairy products for sale for unrestricted use will continue to be 105 percent of the current purchase prices for these products. CCC's purchase prices for butter, nonfat dry milk and cheese are shown below:

	Produced before Oct. 1, 1980	Produced on or after Oct. 1, 1980
Dollar per pound		
Butter, U.S. Grade A or higher New York City and Jersey City, Newark and Secaucus, New Jersey ¹	1.4325	1.52
Nonfat dry milk (spray) U.S. Extra Grade (but not more than 3.5 percent moisture)		
50-pound bags: Unfortified	.895	.94
Fortified (Vitamins A&D) 1.2950	.977	.9525
Cheddar Cheese, standard moisture basis		
40-pound blocks, U.S. Grade A or higher	1.325	1.395
500 pounds in fiber barrels, U.S. Extra Grade	1.295	1.365

¹The price of butter located at any other point outside these cities will be the price at New York minus 80 percent of the lowest published domestic railroad through freight rate for frozen butter in effect on Oct. 1 of each marketing year from such other point to New York City. The appropriate freight rate will be calculated on a per pound gross weight basis for a 60,000-pound carlot. However, the price at any location shall not be less than the purchase price of New York City minus 3 cents per pound. For any location in Wisconsin or Kentucky, the price shall not exceed the purchase price at Chicago which for butter produce on or after Oct. 1 will be \$1.49 per pound.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

INTERIM PAYMENTS FROM NATIONAL FOREST RECEIPTS MADE TO STATES

WASHINGTON, Oct. 1--More than \$173 million of national forest revenues is being distributed to 38 states and Puerto Rico, Secretary of Agriculture Bob Bergland announced today.

The checks represent about 75 percent of the amounts due the states as their shares of revenue received by the U.S. Department of Agriculture's Forest Service from the sale and use of national forest products and services in fiscal year 1980. Bergland said the remainder of the payments will be made in early December, when actual receipts for the fiscal year have been computed.

By law, 25 percent of the revenues collected by the Forest Service from timber sales, grazing, recreation, mineral and land use charges on the national forests are returned annually to the states where those lands are located. The funds are to be used for schools and roads.

To aid the states in budget planning, the Forest Service estimates in May how much of a national forest payment each state can expect to receive that year. Then, so the states can receive most of what they are owed as soon as possible after the end of the fiscal year (Sept. 30), an interim payment of 75 percent is made based on the estimates as revised, Bergland said. "We expect that the total payments to the states this year will be more than \$231 million."

The five states receiving the largest interim payments are Oregon, \$77.1 million; Washington \$24.5 million; California \$24.1 million; Idaho, \$8.2 million; and Montana, \$6.5 million.

The interim payments and the estimated total amounts to be received by each state from the 1980 national forest receipts are:

STATE	REVISED ESTIMATED PAYMENT	INTERIM PAYMENT
Alabama	\$653,488.77	\$490,116.58
Alaska	5,233,200.04	3,924,900.03
Arizona	5,080,379.01	3,810,284.26
Arkansas	3,907,843.53	2,930,882.65
California	32,093,143.54	24,069,857.66
Colorado	1,858,109.71	1,393,582.28
Florida	1,415,407.17	1,061,555.38
Georgia	729,175.01	546,881.26
Idaho	10,879,365.30	8,159,523.98
Illinois	45,900.03	34,425.02
Indiana	30,450.00	22,837.50
Kentucky	230,427.42	172,820.57
Louisiana	3,539,701.28	2,654,775.96
Maine	17,281.92	12,961.44
Michigan	722,100.01	541,575.01
Minnesota	1,112,928.40	834,696.30
Mississippi	4,359,058.28	3,269,293.71
Missouri	3,349,250.03	2,511,937.52
Montana	8,701,343.27	6,526,007.45
Nebraska	65,275.02	48,956.27
Nevada	328,884.95	246,663.71
New Hampshire	253,718.18	190,288.64
New Mexico	2,518,789.37	1,889,092.03
North Carolina	433,545.72	325,159.29
North Dakota	75.03	56.27
Ohio	81,000.02	60,750.02
Oklahoma	568,056.50	426,042.38
Oregon	102,847,385.13	77,135,538.85
Pennsylvania	583,750.01	437,812.51
South Carolina	1,826,625.18	1,369,968.89
South Dakota	650,659.04	487,994.28
Tennessee	268,964.61	201,723.46
Texas	1,470,250.02	1,102,687.52
Utah	960,342.13	720,256.60

Vermont	78,250.05	58,687.54
Virginia	242,961.24	182,220.93
Washington	32,681,711.10	24,511,283.33
West Virginia	165,191.69	123,893.77
Wisconsin	461,250.00	345,937.50
Wyoming	1,383,523.95	1,037,642.96
Puerto Rico	6,368.44	4,776.33
Grand Total	\$231,835,130.10	\$173,876,347.64

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Note To Correspondents []

U.S. Department of Agriculture • Office of Governmental and Public Affairs

WASHINGTON, Oct. 1--The president of the National Association of Wheat Growers recently wrote to President Carter to express his views on USDA'S responsibilities to consumers. Secretary of Agriculture Bob Bergland responded on behalf of the president. The text of Bergland's reply follows:

The President has asked me to reply to your September 23 letter to him attacking this Department's interest in consumers. As one who has produced wheat and belonged to the Minnesota Association of Wheat Growers, I am enormously proud of the fact that USDA has concerned itself with the needs and interests of consumers here and abroad more than any previous Administration.

In one way, your association's sharp attack on consumer-oriented policies and programs comes at an opportune time--the final phase of the Fiscal Year 1980 budget cycle.

Would you please comment on the following consumer oriented programs initiated or expanded by this Administration.

--Child Nutrition Programs. Our regulations require that every meal served in the School Lunch Program contain a grain product such as bread. Thus, a major part of the \$5 billion to be spent on child nutrition in the coming year will purchase the production of your members.

--Dietary Guidelines. One of the legislative mandates to USDA is to engage in human nutrition research and education. The fourth guideline in "Nutrition and Your Health" suggests that Americans should eat foods with adequate starch and fiber--such as whole grain breads and cereals.

--Food stamps. USDA will spend about \$10 billion this year to help lower-income Americans purchase foods in the marketplace. A significant amount goes for bread.

--Grain Inspection. Up until 1977, under the doctrine of buyer beware, short weighing and adulteration of grain was commonplace among some exporters. We have instituted a tough new Federal program of grain inspections assuring foreign grain consumers that they will get what they pay for.

--Wheat Promotion. The Agricultural Marketing Service is making final arrangements to implement the Wheat and Wheat Foods Research

and Information Act which NAWG supported in the 1977 farm bill. This Board will supervise a program on consumer information.

--Market development. One of USDA's major consumer efforts is our overseas market development which helps meet dietary needs of consumers overseas. As part of this program we are cooperating with U.S. Wheat Associates, Inc., in the construction of a demonstration bakery in China.

--Food for Peace. P.L. 480 allocations of wheat and wheat flour in the Fiscal Year 1980 totaled \$536.7 million, helping the poorest consumers in the world.

Each of these "consumer-oriented" programs is significant for the wheat producers of the United States. The loss of any of them would not serve the interests of America's wheat producers.

Although this Administration is committed to serving the broadest interests of America's farm and ranch families, it would be possible to refocus USDA's mission so, as you suggest, it would serve only the narrowest interests in agriculture.

Let us examine what this Department would look like under such a hypotheses.

--Forestry programs would be transferred to the Interior Department as many have suggested in the past.

--Food Stamp activities would logically be part of the Department of Health and Human Services.

--Market Development efforts would be moved to the trade section of the Department of Commerce.

--Food safety concerns would be exclusively those of the Food and Drug Administration in the Department of Health and Human Services.

--Capper-Volstead enforcement would be the exclusive jurisdiction of the Federal Trade Commission and the Antitrust Division of the Department of Justice.

International commodity negotiations would be the responsibility of the Department of State and the U.S. Trade Representative's office.

--Rural Development programs would go to the Department of Housing and Urban Development and the Economic Development Administration.

--REA would be in the Department of Energy. Few among us could honestly believe that Agriculture could indefinitely maintain its

status in a Presidential Cabinet if it were an agency that dealt only with price support activities, marketing orders, the purely agricultural parts of our scientific research and animal and plant disease programs, and some agricultural data collection activities. Please also remember, as functions are transferred in the Executive Branch, eventually Congressional Committee jurisdiction is also realigned accordingly.

We live in a market economy, and the other end of our market is the consumer. As long as I am Secretary of Agriculture I am going to pay attention to that market, to service that market, and to try to make sure that the market works for the producers who depend on it.

Bob Bergland
Secretary

